

# SEBI rationalizes issuances on [Electronic Book Platform \('EBP'\)](#) – Limits | Bidding Process | Anchor Investor | Basis of Allotment.

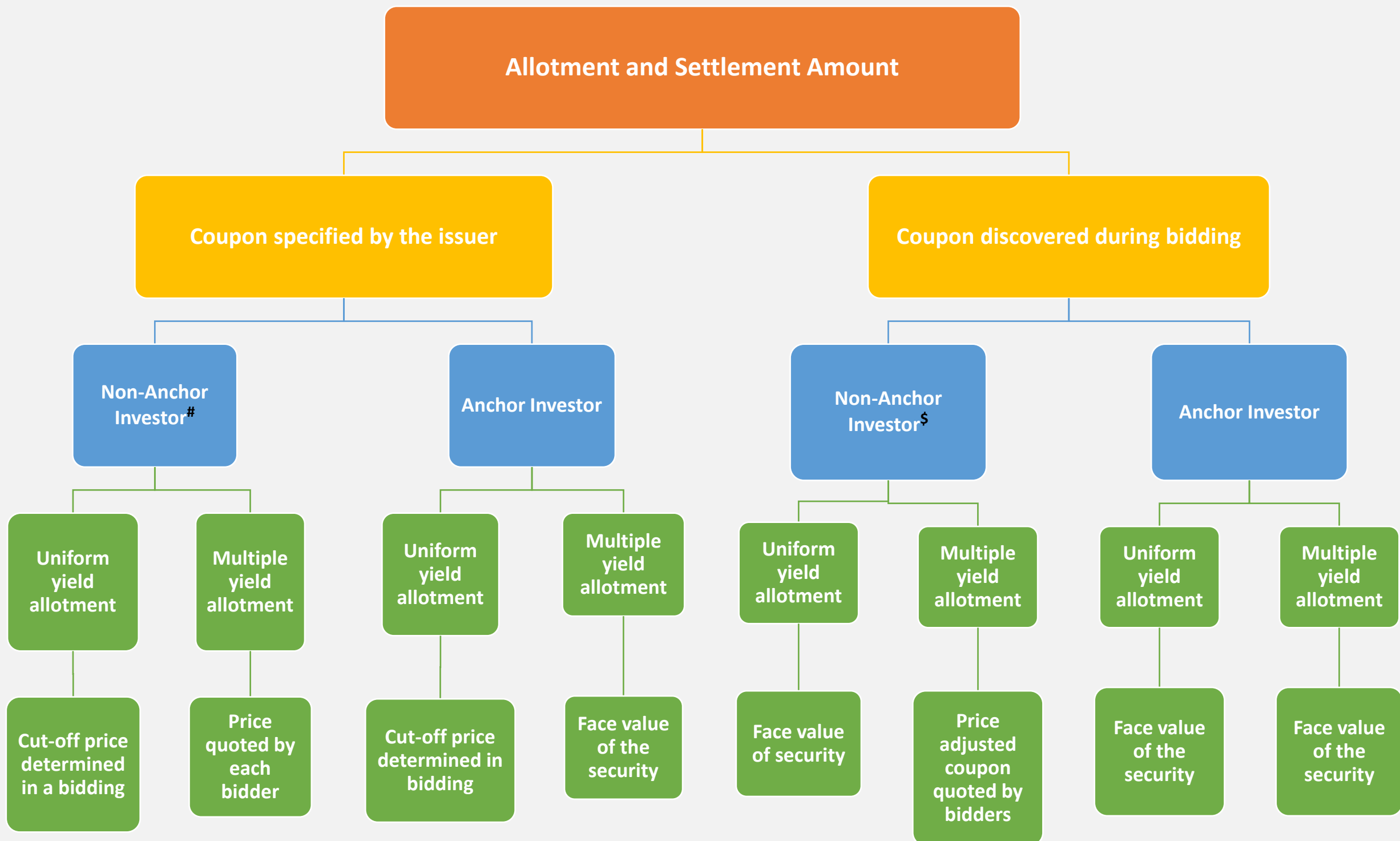
*Effective from January 01, 2023*

- ❑ **Mandatory Issuance**
  - Limit for Mandatory issuance on EBP reduced to **Rs. 50 crore from Rs. 100 crore.** (*made stringent*)
    - Private placement made through:
      - Single issue (including green shoe option);
      - Shelf Issue;
      - Or any subsequent issue.
- ❑ **Limit for Greenshoe portion** (*new*)
  - Cannot exceed **5 times the base issue size.**
- ❑ **Additional disclosure on Interest rate parameters to be made in Placement Memorandum ('PP') and term sheet** (*new*)
  - Zero Coupon,
  - Fixed Coupon,
  - Floating coupon.
- ❑ **System-related confirmation by Eligible participants** (*new*)
  - Not using software algorithms, bots, or automation tools for placing bids.
- ❑ **No preferential access to any bidder on a selective basis**
  - EBP has to ensure the same.
- ❑ **Limits for bids that cannot be made through arrangers' modified**
  - **5% of base issue size** or;
  - **100 crore** (*earlier 15 crores*); *whichever is lower.*
  - Arranger to ensure while bidding on behalf of multiple participants.
- ❑ **New term introduced – Client bid**
  - Bids entered on behalf of eligible participants by the arranger.
  - Disclosure norms for the arranger e.r.t. proprietary bids or client bid or consolidated bid remains the same
- ❑ **Bidding time and period** (*new*)
  - List of eligible participants to be provided to the EBP by the issuer at least one hour before the bidding start time.
- ❑ **Basis of entering bid**
  - Price (in INR)
  - Coupon (in %) in 4 decimal places. (*same was disclosed in basis points earlier*)
  - Spread in basis points (*new*)
- ❑ **Bidding Process**
  - **Coupon Specified by issuer** - The face value and coupon remaining constant, bids/ quotes shall be placed by the bidders in terms of price.
  - **Coupon/ spread discovered during bidding** - The face value remaining constant, bids/ quotes shall be placed by the bidders in terms of coupon/ spread
- ❑ **Modification of Bids during the last 10 mins of the bidding period allowed for:**
  - Downward revision of coupon/spread; or
    - *Earlier improvement in coupon/yield was permitted.*
- ❑ **Upward modification of price; and or** (*new*);
  - Upward revision in terms of bid size.
- ❑ **Revised [format](#) for disclosure of cumulative demand received on EBP** (*refer table in the next slide*)
- ❑ **Basis of allotment modified**
  - Earlier was based on first on “yield priority” basis.
  - [Basis of allotment](#) (*refer diagram in the next slide*)
- ❑ **Reservation for anchor portion permitted** (*new*)
  - No bidding for the anchor portion on the EBP
  - Total allocation cannot exceed 30 % of the base issue size.
  - Disclosure requirement
    - Details of Anchor Investor
    - Corresponding quantum allocated in PM & term sheet
  - [Basis of allotment](#) (*refer diagram in the next slide*)
  - Eligible for bidding in the non-anchor portion
    - If identified as an eligible participant by the issuer.
- ❑ **Grounds for debarment of arranger across all EBPs.** (*new*)
  - In case of 3 instances of non-fulfillment of pay-in obligations by clients
  - For a period of 7 days from the date of such 3<sup>rd</sup> or subsequent default.
- ❑ **Measures introduced to avoid “fat finger” errors by eligible participants** (*new*)
  - EBP to provide facility to define limits/ stroke range within which quotes to be placed

## Details of cumulative demand received on EBP platform

Coupon/ price/ spread	Amount demand at that particular coupon/ price/ spread (in Rs. crore)	Cumulative amount demand (in Rs. crore)

## Basis of allotment



# Bids shall be arranged as per 'price time priority'.

\$ bids shall be arranged as per 'yield time priority'.

**Vinod Kothari & Company**  
 Mumbai | Delhi | Kolkata  
[corplaw@vinodkothari.com](mailto:corplaw@vinodkothari.com)